

ENVIRONMENTAL IMPAIRMENT INSURANCE

In the past decade environmental coverage has emerged as a key component in well-designed casualty insurance programmes. Keeping pace of emerging trends (nano technology, alternative energy, and bio-tech to name but a few) and ever changing regulations is in itself challenging. Coupled with the wide variance in coverage offerings in the market place, finding a trusted and able Underwriter is critical in this increasingly bought yet often misunderstood product line.

SUM Insurance is pleased to underwrite what has quickly become one of the leading Environmental Insurance programmes in Canada. In collaboration with first class markets, we offer a full product suite, encompassing site specific, non-site specific and/or project specific coverages. This enables us to tackle a wide variety of risks; from contractors and remediation operations, to tanks, to products/ completed operations hazards and the transportation sector. Our broad underwriting authority and deeply experienced team allows us to present an inimitable value proposition to you: top-notch service, competent product advice, flexible underwriting and competitive terms and commissions.

Coverage Highlights

POLICY FORMS

ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE (EIL)

(We offer both Gradual and Sudden & Accidental coverage triggers)

- 1st and 3rd Party coverage available
- SUM Form EIL 04 2011 provides:
 - On-site coverages:
 - Bodily Injury for new conditions, and/or pre-existing conditions not known to an officer, director, or employee of a named insured responsible for environmental affairs per policy form;
 - Clean-up and property damage afforded via endorsement for new conditions, and/or pre-existing conditions not known to an officer, director, or employee of a named insured responsible for environmental affairs.

- Off-site coverages:
 - Bodily Injury / property damage and clean-up for new conditions per policy form and/ or for pre-existing conditions not known to an officer, director, or employee of a named insured responsible for environmental affairs.

POLLUTION INCIDENT LIABILITY INSURANCE (P.I.L.)

(Sudden & Accidental, aboveground coverage)

- 1st and 3rd Party coverage available
- SUM Form S&A 04 2011 (Subject to 240-hour discovery and 240-hour reporting requirements) provides:
 - On-site coverages:
 - Bodily Injury only for new conditions per policy form;
 - Clean-up and property damage afforded via endorsement for new conditions
 - Off-site coverages:
 - Bodily Injury / property damage and clean-up for new conditions per policy form

EIL AND PIL COVERAGE PARTICULARS

- Limits of Liability: up to \$10MM/\$10MM inclusive of defence costs (except for in Quebec)
- Self-insured retentions: from \$5,000 applicable to expenses (except for in Quebec)
- Annual policy terms (plus odd amounts not to exceed 18 months), longer terms available for Project Specific coverage (see below)
- Retro Active Dates:– we take a flexible approach to the application of retro-active dates
- **Coverage Territory:** Canadian – domiciled policies only, with the exception of cross-border transport or sales. Foreign exposures can be considered on an open market basis.

GENERAL APPETITE

Our facility is designed to meet the vast majority of your environmental placement needs. This is supplemented by our access to open markets to efficiently solve those risks and coverage forms that may fall outside of our in-house program. We invite you to give us a try – we aim to be your first and last stop for environmental advice and coverage. We wish to entertain all of your environmental business, including but not limited to:

PROJECT SPECIFIC

- Project specific policies from general contracting and construction to remediation projects.
- Special extensions include up to a 24 month Term of construction plus 24 months completed ops extensions, available on either our Gradual or Sudden & Accidental coverage forms
- Products/completed operations pollution extension
- Minimum premiums - \$3,500 EIL form (Gradual)
\$2,500 PIL form (S&A)
- Minimum SIR \$5,000

CONTRACTORS POLLUTION

- Policies are claims-made in support of a wide variety of contracting activity
- Minimum premiums - \$5,000 EIL form (Gradual)
\$3,500 PIL form (S&A)
- Minimum SIR \$5,000

SITE SPECIFIC

Our program focuses on non-legacy, light hazard, fixed site exposures. We generally avoid known contamination conditions. SUM offers both our Gradual and our Sudden & Accidental coverage forms for on-site as well as offsite exposure. On-Site clean up sub-limits are available on either coverage form as well (these limits are included within the policy aggregates). We can offer coverage for Tank exposures (both AGT and UST) subject to our tank underwriting guidelines (please see below). There are

relaxed survey requirements for smaller risks, but generally fixed site exposures are subject to inspection.

- Minimum premiums - \$3,500 EIL form (Gradual)
\$2,500 S&A Form (S&A)
- Minimum SIR \$2,500

NON SITE SPECIFIC/NON CONTRACTING

- Relates to transport, consulting, brokering, municipal, regulatory, and institutional exposures among others, with an emphasis on the transportation segment.
- Minimum premiums - \$3,500 EIL form (Gradual)
\$2,500 PIL form (S&A)
- Minimum SIR \$2,500

ENVIRONMENTAL IMPAIRMENT LIABILITY NOTES AND TIPS

TANKS

Above Ground Tanks (AGTs) are contemplated for coverage if the premises at which they are located meets our underwriting criteria. Coverage for Underground Storage Tanks (USTs) is available for a wide variety of classes including concrete or composite tanks holding substances such as brine, sewage, caustic agents, acids, solvents, chemicals and petroleum products, among others. USTs are eligible for coverage if they meet our underwriting criteria based on age, construction, and degree of corrosion protection. Individual tanks, portable tanks, tank farms, cardlocks and large and compartmentalized tanks are all contemplated.

- For older tanks, coverage can be extended on an annual basis but only after annual tank tests including fittings and piping.
- Risks with tanks scheduled to be removed within the next 12 months would normally be declined until the tanks have been replaced and the soil certified as clean by a Record of Site conditions (or other signoff by the consultant).

- Adequate secondary containment and (where applicable) tank tests, including floor plates, are usually required for large card locks & tank farms.
- **Underground tanks** meeting the age criteria at the inception of the policy which exceed the criteria during a policy term will generally be acceptable until the next renewal
- **Portable tanks** can be written on their merits and should include some degree of secondary containment.
- **Bladders and other soft tanks** are generally avoided but can be considered on an exception basis
- Sorry, we select against Slung fuel tanks (fuel tanks transported by helicopters/aircraft)
- **Tank Manufacturers** (products/completed operations extension) are considered on an open market basis.
- We write **Fuel Oil Tank Removal and Installations**, as well as fuel oil delivery, at terms and pricing commensurate to the frequency and severity pattern we have experienced with this class.

ASBESTOS, MOULD, RESTORATION & REMEDIATION CONTRACTORS

- We are your first choice for Asbestos abatement work by qualified contractors, including the transportation of bagged asbestos waste to approved disposal facilities. Coverage is provided by way of an exception to the standard Asbestos exclusion in our policies. Similarly, we offer an exception for any pollution exposure arising from mould abatement. We offer these coverages on a claims-made basis, and can bundle this environmental coverage with an Occurrence based CGL policy. We cannot consider any form of asbestos production, processing, or manufacturing.

PRODUCTS AND /OR COMPLETED OPERATIONS POLLUTION

- **Products** – Most Commercial General Liability underwriters have included an absolute pollution exclusion in their CGL wordings, removing whatever coverage may have previously been available for a pollution claim arising from a “product”. Regardless of which pollution exclusion is attached to the policy,

all CGL wordings contain an “absolute “pollution exclusion with respect to the handling, storage, or processing, of “waste”. This has serious implications for many risks which produce abatement equipment such as stack scrubbers, filters, tanks, spill kits, etc, and also comes in to play for many builders and contracting risks (for example a supplier or installer of sewage line equipment). SUM Insurance addresses this coverage gap by attaching a products pollution endorsement to our **EIL- Environmental Impairment Liability (gradual)** policy (the extension is not available on the Pollution Incident Liability Policy given the time element contained therein). Our offering being claims-made, all products coverage is subject to a retroactive date (we can provide a date matching any prior products pollution coverage; we evaluate the nature and trigger of any previous coverage as part of our underwriting process).

- Completed Operations extensions, typically 12 to 60 months – can be afforded by endorsement. Coverage can be addressed during the policy period, as well as during the discovery period following policy expiration.

TRANSPORTATION

- **Automobile** – Coverage will apply on a difference in conditions basis as against the Canadian Statutory Auto policies, which generally do not contain pollution exclusions. Coverage applies where the aforementioned policy does not respond, but please note our coverage does not operate as excess of any Auto policy.
- We contemplate a full range of Transportation exposures (by rail, air or watercraft)

PROGRAM AND ASSOCIATION BUSINESS

We can best service mandatory programs which reduce the possibility of adverse selection and programs with at least \$50,000 in GWP potential.

Please try us!

SUBMISSION REQUIREMENTS

In the name of efficiency, we ask submissions include the following whenever possible:

- Signed **SUM Application (we are happy to work from any application you have completed for the purposes of underwriting and quoting the risk)**
- GL and/or Pollution Loss runs where applicable
- Accounts \$50K or greater premium require annual financials / budgets to be received and reviewed prior to issuing quotations.
- For UST submissions – UST schedules, worksheet and tank tightness tests and other relevant information as required by our underwriting guidelines
- If Pre-existing coverage is desired, any reports that describe the environmental conditions of the insured property (i.e. Phase I or II Environmental site assessments, remediation completion / Record of Site Conditions reports) are necessary
- Generally site-specific accounts require a site survey, or for minimal exposures a phone survey. We may also perform a database search. We can relax our survey requirements for smaller risks.

ENGINEERING

SUM believes there is no substitute for eyes on any site specific risk, and whether or not a prospective insured purchases an environmental policy, a survey or site inspection by qualified individuals or firms is good value for

the money, At the minimum it provides evidence of due diligence on the behalf of the prospective insured.

At SUM Insurance we recognize that the cost of such surveys can be burdensome for smaller, less complicated risks, and can affect the prospects' purchase decision. In response, your client can benefit from our relaxed survey requirements where appropriate.

Generally an engineering survey or equivalent report will continue to be required for:

- Any site specific account in the tougher hazard classes
- Any site specific account for which On Site cleanup is provided for a limit in excess of \$500,000 on our Gradual coverage form, or \$1,000,000 on our Sudden & Accidental coverage form
- Any site specific account with a premium excess of \$50,000
- Any site specific account with an SIR excess of \$50,000
- Non site-specific accounts or any other risk at SUM Insurance's discretion
- Accounts with claims activity

For new business the insured must pay the cost of surveys and if the account is bound SUM will rebate up to 10% of the cost of the survey or the actual cost (whichever is less) on presentation of the invoice. Costs of renewal surveys will be borne by SUM.

Market Security

ENVIRONMENTAL LIABILITY

INSURER	INTEREST	RATING
Northbridge Insurance	50%	A (by AM Best)
Lloyd's Underwriters	30%	A (by AM Best)
Everest Insurance Company of Canada	10%	A (by AM Best)
Economical Mutual Insurance Company	10%	A- (by AM Best)

Contacts:

Toronto:

Rick Degrace

rick.degrace@suminsurance.ca

Gabriella Gasevic

gabriella.gasevic@suminsurance.ca (ext 231)

Montreal:

Serge Melanson

serge.melanson@suminsurance.ca

Younes Bounafaa

younes.bounafaa@suminsurance.ca